



Sempra Energy's Second-Quarter 2006 Net Income Triples On Improved Operations, Asset Sales

- Quarterly Income From Continuing Operations Rises 55 Percent
- Asset Sales Generate \$1.3 Billion Pre-tax for Capital Program

SAN DIEGO, Aug. 3, 2006 - Sempra Energy (NYSE: SRE) today reported second-quarter 2006 net income of \$373 million, or \$1.43 per diluted share, more than triple last year's second-quarter net income of \$121 million, or \$0.48 per diluted share.

Second-quarter 2006 net income included \$188 million, or \$0.72 per diluted share, in discontinued operations, principally related to gains from asset sales, offset by impairment charges from assets held for sale. Income from continuing operations was \$185 million, or \$0.71 per diluted share, in the second quarter 2006, compared with \$119 million, or \$0.47 per diluted share, in the prior-year's quarter. Second-quarter 2006 income from continuing operations was reduced by a \$7 million impairment, or \$0.03 per diluted share, related to the sale of the company's Texas natural gas-fired generating assets.

For the first six months of 2006, Sempra Energy's net income was \$628 million, or \$2.42 per diluted share, compared with \$344 million, or \$1.40 per diluted share, in the first half of 2005. Income from continuing operations for the first six months of 2006 was \$419 million, or \$1.61 per diluted share, compared with \$340 million, or \$1.38 per diluted share, during the same period last year.

"Our higher second-quarter earnings reflect the continued outstanding results by our core operating units," said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. "Our initiative to divest non-strategic assets has exceeded our expectations, thus far, generating about \$1.3 billion in pre-tax proceeds to strengthen our balance sheet and support our \$10 billion, five-year capital program. This is part of our focused strategy of redeploying capital into critical energy infrastructure. These efforts are being led by our natural gas businesses and our California utilities."

Revenues for Sempra Energy were \$2.5 billion in the second quarter 2006, compared with \$2.2 billion in the year-ago quarter, due primarily to higher electric revenues and improved margins in commodity marketing.

OPERATING HIGHLIGHTS

Sempra Utilities

Net income for San Diego Gas & Electric (SDG&E) in the second quarter 2006 rose to \$65 million from \$29 million in the year-ago quarter. During the most recent quarter, SDG&E benefited from one-time and continuing items related to regulatory decisions associated with prior-period cost recovery, performance-based-ratemaking incentive awards and increased earnings from generation investments. These investments included the recently commissioned Palomar Energy Center, a new 550-megawatt natural gas-fired power plant.

"The recent heat wave reinforces the continuing need for new and improved electric infrastructure," Felsing said. "SDG&E customers set an all-time record for power consumption July 22 - a Saturday - with peak usage 50-percent higher than expected. That's why, since 2001, we've invested more than \$2 billion in new electric generation, transmission and distribution infrastructure to handle the ever-increasing demands on SDG&E's system and also why we're proposing a new 500,000-volt transmission line to support the region."

Southern California Gas Co.'s second-quarter 2006 net income was \$58 million, unchanged from the prior year.

Sempra Commodities

On the strength of increased natural gas and power sales and improved margins in North America and Europe, Sempra Commodities' second-quarter net income more than doubled to \$69 million in 2006 from \$26 million last year.

"Sempra Commodities continues to prosper amidst volatile global energy markets by helping its customers manage their energy needs," Felsing said.

Sempra Generation

In the second quarter 2006, Sempra Generation's net income was \$17 million, compared with \$22 million in the second quarter

2005, due primarily to the impairment charge related to the sale of the Texas gas-fired power plants.

On July 7, 2006, Sempra Generation completed the sale of its 50-percent ownership of the Coletto Creek coal-fired power plant and the above-mentioned seven gas-fired power plants in Texas. As a result of these transactions, Sempra Generation will record a third-quarter 2006 after-tax gain of approximately \$208 million.

Sempra Pipelines & Storage

Second-quarter net income for Sempra Pipelines & Storage in 2006 was \$28 million, up from \$16 million in 2005, due primarily to the favorable resolution of prior years' tax issues.

During the most recent quarter, the Rockies Express Pipeline project, in which Sempra Pipelines & Storage owns a 25-percent stake, announced the start of a binding open season to solicit support to extend the pipeline east from its currently proposed terminus in Monroe County, Ohio, to Oakford, Pa. The 100-mile extension is designed to provide up to 1.8 billion cubic feet per day of firm transportation capacity to Pennsylvania.

Sempra LNG

Sempra LNG reported a net loss of \$17 million in the second quarter 2006, compared with a net loss of \$5 million in the year-ago quarter, due primarily to a \$12 million mark-to-market loss on a marketing agreement with Sempra Commodities related to Sempra LNG's Energía Costa Azul receipt terminal under development in Baja California, Mexico.

Construction remains on schedule for Sempra LNG's receipt terminals in Mexico and Cameron, La. Both terminals are expected to be operational in 2008.

Discontinued Operations

Sempra Energy has undertaken a program to sell non-core assets to help fund its capital program, which is focused on developing North American natural gas infrastructure and growing its California utilities.

During the second quarter 2006, Sempra Generation sold its Twin Oaks coal-fired generation facility in Texas, as well as its energy-facilities-management and performance-contracting operations. During the first half of 2006, these sales resulted in an after-tax gain of \$247 million.

On July 31, 2006, Sempra Generation also completed the sale of its exploration and production business, which will result in a third-quarter 2006 after-tax gain of approximately \$110 million.

During the second quarter 2006, Sempra Pipelines & Storage also recorded a \$35 million after-tax impairment charge for its natural gas distribution investments in Maine and North Carolina.

Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with senior management of the company. Access is available by logging onto the Web site at www.sempra.com. For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (706) 645-9291 and entering the passcode 2763046.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2005 revenues of \$11.7 billion. The Sempra Energy companies' 14,000 employees serve more than 29 million consumers in the United States, Europe, Canada, Mexico, South America and Asia.

Income-statement information by business unit is available on Sempra Energy's Web site at http://www.sempra.com/downloads/2Q2006_Table_All.pdf.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the

California State Legislature, the California Department of Water Resources, the Federal Energy Regulatory Commission and other regulatory bodies in the United States and other countries; capital markets conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, www.sec.gov and on the company's Web site, www.sempra.com.

Sempra LNG and Sempra Pipelines & Storage are not the same companies as the utilities, SDG&E or SoCalGas, and are not regulated by the California Public Utilities Commission. Sempra Energy Trading, doing business as Sempra Commodities, and Sempra Generation are not the same companies as the utilities, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of their products and services.

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